



General Assembly

January Session, 2001

Amendment

LCO No. 8274

Offered by:

REP. STONE, 9th Dist.

REP. BLACKWELL, 12th Dist.

REP. THOMPSON, 13th Dist.

To: Subst. House Bill No. 6176

File No. 177

Cal. No. 149

(As Amended by House Amendment Schedule "A")

"AN ACT CONCERNING WATER COMPANY CHOICE."

1 Strike section 1 and substitute the following in lieu thereof:

2 "Section 1. (a) Not later than July 1, 2001, the Department of Public
3 Utility Control shall conduct a contested case proceeding, pursuant to
4 chapter 54 of the general statutes, to determine a fair purchase price for
5 any assets of the Eastern Connecticut Regional Water Company,
6 Incorporated, used to provide water service to and located in the
7 towns of Durham, Middlefield and Manchester. The department shall
8 calculate a separate fair purchase price for those portions of said
9 company in each of said municipalities. The purchase price shall be
10 calculated as the sum of the following: (1) The current net book value
11 of the assets to be sold multiplied by the purchase price paid by the
12 owner of the company, as approved by the Department of Public
13 Utility Control in Docket No. 98-12-20, divided by the net book value

14 of Eastern Connecticut Regional Water Company, Incorporated, as of
15 June 2, 1999; and (2) a rate of return equal to the sum of the average
16 prime lending rate multiplied by the portion of the purchase price
17 premium associated with the assets to be sold. For purposes of this
18 section, (A) current net book value includes planning and engineering
19 costs associated with an expansion of water service in said
20 municipality, which costs would have been eligible for inclusion in the
21 rates of said company on or after the date of any sale pursuant to this
22 section; and (B) the portion of the purchase price premium associated
23 with any asset which shall be sold pursuant to this section shall be
24 calculated by taking the net book value of the assets to be sold, as of
25 June 2, 1999, divided by the net book value for the entire company as
26 of June 2, 1999, multiplied by the purchase price premium recorded on
27 the books of Eastern Connecticut Regional Water Company,
28 Incorporated, pursuant to Docket No. 98-12-20.

29 (b) Not later than ninety days from the date of determination of the
30 department pursuant to subsection (a) of this section, each such
31 municipality shall inform the department of whether such
32 municipality intends to purchase the system at the fair purchase price
33 determined by the department pursuant to subsection (a) of this
34 section. The department shall inform the company of the
35 municipality's intent to purchase the system and such company shall
36 file with the department an application, pursuant to section 16-43 of
37 the general statutes, to sell such portion to the municipality at the fair
38 purchase price determined by the department pursuant to subsection
39 (a) of this section. If such municipality elects not to purchase that
40 portion of the company providing service in such municipality, any
41 contiguous municipality may, not later than thirty days from the date
42 of the refusal of the municipality in which such company provides
43 service, inform the department of its intent to purchase the portion of
44 said company. The department shall inform the company of the
45 contiguous municipality's intent to purchase the system and such
46 company shall file with the department an application, pursuant to
47 section 16-43 of the general statutes, to sell such portion to the

48 contiguous municipality at the fair purchase price determined by the
49 department pursuant to subsection (a) of this section. Any application
50 filed pursuant to this subsection shall be deemed to be in the public
51 interest and the provisions of section 16-22 of the general statutes shall
52 not apply to any application filed by a water company pursuant to this
53 subsection. Notwithstanding section 7-234 of the general statutes, any
54 sale resulting from the approval of an application filed pursuant to this
55 subsection shall be deemed to comply with section 7-234 of the general
56 statutes and the respective franchise jurisdictions are hereby amended
57 in accordance with section 7-234 of the general statutes."